income. The primary objective of the scheme is to facilitate establishment of an integrated value chain, with processing at the core and supported by requisite forward and backward linkages.

Other strategic initiatives during 11th Plan include scheme for Integrated Cold Chain and Preservation Infrastructure including Controlled Atmosphere/Modified Atmosphere Stores, Value Added Centres, Packaging Centres and Irradiation facilities. Benefits of the Scheme will also be available to integrated projects of value addition / processing / preservation of horticulture, dairy, marine, and meat sector.

Growth of food processing sector

1400.SHRI MAHENDRA MOHAN: Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) whether the growth of food processing sector for the last few years has been very slow;

(b) if so, the factors responsible therefor;

(c) whether Government has invited private sector investments in this sector;

(d) if so, to what extent private sector has shown interest in this sector; and

(e) the likely benefits Government proposes to give to private sector to boost growth of this sector?

THE MINISTER OF STATE OF THE MINISTRY OF FOOD PROCESSING INDUSTRIES (SHRI SUBODH KANT SAHAY): (a) No, Sir. The growth rate of food processing industries during 9th Plan Period has been 7.1%. The average rate of growth during the first four years of the 10th Plan was @ 13.025% at current prices and @ 6.75% at 1999-2000 prices. There has been significant growth of food processing units during the last three four years. Food Processing Industries have been growing @ 13.14% p.a.

(b) Does not arise.

(c) to (e) Ministry of Food Processing Industries (MFPI) takes steps to attract private investments including Foreign Direct Investment (FDI) in food processing sector which has great potential for growth of employment and income. Several Companies have shown interest in investment in the food processing, sector. To promote food processing sector, the Government has also been providing various fiscal and tax incentives. During the current year's budget various tax incentives have been given to the processed food' industry which include - raising of exemption limit of excise duty for Small Scale Industry (SSI) from Rs. 1 crore to Rs. 1.5 crores. Excise duty on biscuits whose retail price does not exceed Rs. 100 per Kg. has been reduced from 8% to 0%. Excise duty has been reduced from 8% to 0% on all kinds of food mixes including instant mixes, and on reefer vans (refrigerated motor vehicles) from 16% to 8%. Soya bari (food supplements) and ready to eat packaged foods have been fully exempted from excise duty; Custom duty on reefer vans has been exempted and on food processing machinery has been reduced from 7.5% to 5%, on sunflower oil (crude) from 65% to 50% and on sunflower oil (refined) from 75% to 60%. Special additional duty of 4% has been waived in the case of refined edible oil. Services provided by Technology Business Incubators have been exempted from service tax and similarly their Incubatees, whose annual business turnover does not (exceed Rs. 50 lakhs have been exempted from service

tax for the first three years. The RBI has recently revised upwards the eligibility of food processing units for priority sector bank lending with an investment in plant and machinery upto Rs. 10 crores as against Rs. 5 crores earlier. Any new food processing unit based on fruit and vegetable is exempted from Income-tax, completely, for the first five years and thereafter 25% of the income is exempted from Income-tax for the next five years.

Cold chain facilities

1401. DR. M.A.M. RAMASWAMY: Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) whether Government proposes to encourage setting up of cold chain facilities and backward linkages in the country;

(b) if so, the details thereof;

(c) whether it is a fact that inadequate infrastructure is a major road block in the way of agro-food processing in the country; and

(d) if so, the steps taken/proposed to be taken by Government to address this issues, in order to further encourage food processing industries in the country?

THE MINISTER OF STATE OF THE MINISTRY OF FOOD PROCESSING INDUSTRIES (SHRI SUBODH KANT SAHAY): (a) and (b) To encourage setting up of cold chain facilities and backward linkages in the country, Ministry of Food Processing Industries (MFPI) has a Plan Scheme during 11th Plan to provide financial assistance to project proposals received from public / private organizations for integrated cold chain infrastructure development. The scheme envisages financial assistance in the form of grant-in-aid @ 50% of the total cost of plant and machinery and technical civil works in general areas and 75% for North Eastern Region and difficult areas subject to a maximum of Rs.10.00 crore. The initiatives are aimed at filling the gaps in the supply chain, strengthening of cold chain infrastructure, establishing value addition with infrastructural facilities like sorting, grading, packaging and processing for horticulture including organic produce, marine, dairy, poultry, etc.

(c) and (d) Government is aware of inadequacy of cold chain infrastructure available for food processing industries in the country. For development of infrastructure for the growth of food processing sector, besides cold chain scheme, Ministry of Food Processing Industries (MFPI) developed a Plan Scheme, to provide financial assistance for establishment of Mega Food Parks, which envisages a well-defined agri/horticultural-processing zone containing state of the art processing facilities with support infrastructure and well established supply chain. The scheme aims to provide a mechanism to bring together farmers, processors and retailers and link agricultural production to the market so as to ensure maximization of value addition, minimization of wastages and improving farmers' income. The primary objective of the scheme is to facilitate establishment of an integrated value chain, with processing at the core and supported by requisite backward and forward linkages. The Scheme envisages financial assistance in the form of grant-in-aid upto 50% of the project cost in general areas and up to 75% of the project cost in NE Region & difficult areas subject to a maximum of Rs. 50 Crore for creation of common Infrastructure facilities and facilities for backward and forward linkages.

Ministry of Food Processing Industries also extends financial assistance in the form of grant-in-aid @ 25% of the cost of Plant & Machinery and Technical Civil Works subject to a maximum of